

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-6075

UNION PACIFIC CORPORATION

(Exact name of registrant as specified in its charter)

Utah

(State or other jurisdiction of incorporation or organization)

13-2626465

(I.R.S. Employer Identification No.)

1400 Douglas Street, Omaha, Nebraska

(Address of principal executive offices)

68179

(Zip Code)

(402) 544-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common Stock (Par Value \$2.50 per share)	UNP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐	Non-Accelerated Filer	☐
Smaller Reporting Company	☐	Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of July 19, 2024, there were 609,197,628 shares of the Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements
Condensed Consolidated Statements of Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except Per Share Amounts, for the Three Months Ended June 30,</i>	2024	2023
Operating revenues:		
Freight revenues	\$ 5,638	\$ 5,569
Other revenues	369	394
Total operating revenues	6,007	5,963
Operating expenses:		
Compensation and benefits	1,187	1,269
Fuel	625	664
Purchased services and materials	644	650
Depreciation	596	577
Equipment and other rents	219	248
Other	336	351
Total operating expenses	3,607	3,759
Operating income	2,400	2,204
Other income, net (Note 6)	103	93
Interest expense	(319)	(339)
Income before income taxes	2,184	1,958
Income tax expense (Note 7)	(511)	(389)
Net income	\$ 1,673	\$ 1,569
Share and per share (Note 8):		
Earnings per share - basic	\$ 2.75	\$ 2.58
Earnings per share - diluted	\$ 2.74	\$ 2.57
Weighted average number of shares - basic	609.4	608.7
Weighted average number of shares - diluted	610.3	609.5

Condensed Consolidated Statements of Comprehensive Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, for the Three Months Ended June 30,</i>	2024	2023
Net income	\$ 1,673	\$ 1,569
Other comprehensive income/(loss):		
Defined benefit plans	-	6
Foreign currency translation	4	21
Unrealized gain on derivative instruments	-	16
Total other comprehensive income/(loss) [a]	4	43
Comprehensive income	\$ 1,677	\$ 1,612

[a] Net of deferred taxes of \$0 million and (\$3) million during the three months ended June 30, 2024 and 2023, respectively.

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except Per Share Amounts, for the Six Months Ended June 30,</i>	2024	2023
Operating revenues:		
Freight revenues	\$ 11,254	\$ 11,225
Other revenues	784	794
Total operating revenues	12,038	12,019
Operating expenses:		
Compensation and benefits	2,410	2,448
Fuel	1,283	1,430
Purchased services and materials	1,257	1,303
Depreciation	1,190	1,149
Equipment and other rents	435	483
Other	691	708
Total operating expenses	7,266	7,521
Operating income	4,772	4,498
Other income, net (Note 6)	195	277
Interest expense	(643)	(675)
Income before income taxes	4,324	4,100
Income tax expense (Note 7)	(1,010)	(901)
Net income	\$ 3,314	\$ 3,199
Share and per share (Note 8):		
Earnings per share - basic	\$ 5.44	\$ 5.25
Earnings per share - diluted	\$ 5.43	\$ 5.24
Weighted average number of shares - basic	609.3	609.6
Weighted average number of shares - diluted	610.3	610.5

Condensed Consolidated Statements of Comprehensive Income (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Net income	\$ 3,314	\$ 3,199
Other comprehensive income/(loss):		
Defined benefit plans	1	5
Foreign currency translation	7	44
Unrealized gain on derivative instruments	-	16
Total other comprehensive income/(loss) [a]	8	65
Comprehensive income	\$ 3,322	\$ 3,264

[a] Net of deferred taxes of (\$0) million and (\$3) million during the six months ended June 30, 2024 and 2023, respectively

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Financial Position (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, Except Share and Per Share Amounts</i>	<i>Jun. 30, 2024</i>	<i>Dec. 31, 2023</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,137	\$ 1,055
Short-term investments (Note 13)	20	16
Accounts receivable, net (Note 10)	2,118	2,073
Materials and supplies	807	743
Other current assets	416	261
Total current assets	4,498	4,148
Investments	2,705	2,605
Properties, net (Note 11)	57,835	57,398
Operating lease assets	1,386	1,643
Other assets	1,393	1,338
Total assets	\$ 67,817	\$ 67,132
Liabilities and Common Shareholders' Equity		
Current liabilities:		
Accounts payable and other current liabilities (Note 12)	\$ 3,560	\$ 3,683
Debt due within one year (Note 14)	727	1,423
Total current liabilities	4,287	5,106
Debt due after one year (Note 14)	31,165	31,156
Operating lease liabilities	988	1,245
Deferred income taxes	13,166	13,123
Other long-term liabilities	1,722	1,714
Commitments and contingencies (Note 15)		
Total liabilities	51,328	52,344
Common shareholders' equity:		
Common shares, \$2.50 par value, 1,400,000,000 authorized; 1,113,031,441 and 1,112,854,806 issued; 609,727,377 and 609,703,814 outstanding, respectively	2,783	2,782
Paid-in-surplus	5,249	5,193
Retained earnings	63,820	62,093
Treasury stock	(54,757)	(54,666)
Accumulated other comprehensive loss (Note 9)	(606)	(614)
Total common shareholders' equity	16,489	14,788
Total liabilities and common shareholders' equity	\$ 67,817	\$ 67,132

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Operating Activities		
Net income	\$ 3,314	\$ 3,199
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	1,190	1,149
Deferred and other income taxes	43	36
Other operating activities, net	(68)	(126)
Changes in current assets and liabilities:		
Accounts receivable, net	(45)	70
Materials and supplies	(64)	(1)
Other current assets	(127)	(86)
Accounts payable and other current liabilities	(13)	(340)
Income and other taxes	(197)	(43)
Cash provided by operating activities	4,033	3,858
Investing Activities		
Capital investments	(1,699)	(1,607)
Other investing activities, net	107	(67)
Cash used in investing activities	(1,592)	(1,674)
Financing Activities		
Debt repaid	(1,807)	(1,664)
Dividends paid	(1,588)	(1,588)
Debt issued (Note 14)	800	1,599
Net issued/(paid) commercial paper (Note 14)	297	19
Share repurchase programs (Note 16)	(100)	(705)
Other financing activities, net	30	11
Cash used in financing activities	(2,368)	(2,328)
Net change in cash, cash equivalents, and restricted cash	73	(144)
Cash, cash equivalents, and restricted cash at beginning of year	1,074	987
Cash, cash equivalents, and restricted cash at end of period	\$ 1,147	\$ 843
Supplemental Cash Flow Information		
Non-cash investing and financing activities:		
Capital investments accrued but not yet paid	\$ 173	\$ 207
Common shares repurchased but not yet paid	15	6
Cash paid during the period for:		
Income taxes, net of refunds	\$ (1,146)	\$ (826)
Interest, net of amounts capitalized	(635)	(628)
Reconciliation of cash, cash equivalents, and restricted cash to the Condensed Consolidated Statement of Financial Position:		
Cash and cash equivalents	\$ 1,137	\$ 830
Restricted cash equivalents in other current assets	2	4
Restricted cash equivalents in other assets	8	9
Total cash, cash equivalents, and restricted cash equivalents per above	\$ 1,147	\$ 843

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Changes in Common Shareholders' Equity (Unaudited)
Union Pacific Corporation and Subsidiary Companies

<i>Millions</i>	<i>Common Shares</i>	<i>Treasury Shares</i>	<i>Common Shares</i>	<i>Paid-in- Surplus</i>	<i>Retained Earnings</i>	<i>Treasury Stock</i>	<i>AOCI [a]</i>	<i>Total</i>
Balance at April 1, 2023	1,112.9	(503.0)	\$ 2,782	\$ 5,099	\$ 59,724	\$ (54,591)	\$ (560)	\$ 12,454
Net income			-	-	1,569	-	-	1,569
Other comprehensive income/(loss)			-	-	-	-	43	43
Conversion, stock option exercises, forfeitures, ESPP, and other [b]	-	0.1	-	29	-	13	-	42
Share repurchase programs (Note 16)	-	(0.6)	-	-	-	(121)	-	(121)
Dividends declared (\$1.30 per share)	-	-	-	-	(793)	-	-	(793)
Balance at June 30, 2023	1,112.9	(503.5)	\$ 2,782	\$ 5,128	\$ 60,500	\$ (54,699)	\$ (517)	\$ 13,194
Balance at April 1, 2024	1,113.0	(503.0)	\$ 2,783	\$ 5,213	\$ 62,940	\$ (54,661)	\$ (610)	\$ 15,665
Net income			-	-	1,673	-	-	1,673
Other comprehensive income/(loss)			-	-	-	-	4	4
Conversion, stock option exercises, forfeitures, ESPP, and other [b]	-	0.2	-	36	-	15	-	51
Share repurchase programs (Note 16)	-	(0.5)	-	-	-	(111)	-	(111)
Dividends declared (\$1.30 per share)	-	-	-	-	(793)	-	-	(793)
Balance at June 30, 2024	1,113.0	(503.3)	\$ 2,783	\$ 5,249	\$ 63,820	\$ (54,757)	\$ (606)	\$ 16,489

<i>Millions</i>	<i>Common Shares</i>	<i>Treasury Shares</i>	<i>Common Shares</i>	<i>Paid-in- Surplus</i>	<i>Retained Earnings</i>	<i>Treasury Stock</i>	<i>AOCI [a]</i>	<i>Total</i>
Balance at January 1, 2023	1,112.6	(500.2)	\$ 2,782	\$ 5,080	\$ 58,887	\$ (54,004)	\$ (582)	\$ 12,163
Net income			-	-	3,199	-	-	3,199
Other comprehensive income/(loss)			-	-	-	-	65	65
Conversion, stock option exercises, forfeitures, ESPP, and other [b]	0.3	0.2	-	48	-	17	-	65
Share repurchase programs (Note 16)	-	(3.5)	-	-	-	(712)	-	(712)
Dividends declared (\$2.60 per share)	-	-	-	-	(1,586)	-	-	(1,586)
Balance at June 30, 2023	1,112.9	(503.5)	\$ 2,782	\$ 5,128	\$ 60,500	\$ (54,699)	\$ (517)	\$ 13,194
Balance at January 1, 2024	1,112.9	(503.2)	\$ 2,782	\$ 5,193	\$ 62,093	\$ (54,666)	\$ (614)	\$ 14,788
Net income			-	-	3,314	-	-	3,314
Other comprehensive income/(loss)			-	-	-	-	8	8
Conversion, stock option exercises, forfeitures, ESPP, and other [b]	0.1	0.4	1	56	-	20	-	77
Share repurchase programs (Note 16)	-	(0.5)	-	-	-	(111)	-	(111)
Dividends declared (\$2.60 per share)	-	-	-	-	(1,587)	-	-	(1,587)
Balance at June 30, 2024	1,113.0	(503.3)	\$ 2,783	\$ 5,249	\$ 63,820	\$ (54,757)	\$ (606)	\$ 16,489

[a] AOCI = accumulated other comprehensive income/loss (Note 9)

[b] ESPP = employee stock purchase plan

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For purposes of this report, unless the context otherwise requires, all references herein to "Union Pacific", "Corporation", "Company", "UPC", "we", "us", and "our" mean Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which will be separately referred to herein as "UPRR" or the "Railroad".

1. Basis of Presentation

Our Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting of normal and recurring adjustments) that are, in the opinion of management, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, this Quarterly Report on Form 10-Q should be read in conjunction with our Consolidated Financial Statements and notes thereto contained in our 2023 Annual Report on Form 10-K. Our Consolidated Statement of Financial Position at December 31, 2023, is derived from audited financial statements. The results of operations for the six months ended June 30, 2024, are not necessarily indicative of the results for the entire year ending December 31, 2024.

The Condensed Consolidated Financial Statements are presented in accordance with GAAP as codified in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Certain prior period amounts have been reclassified to conform to the current period financial statement presentation.

2. Accounting Pronouncements

In December 2023, the FASB issued Accounting Standards Update No. (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires business entities to expand their annual disclosures of the effective rate reconciliation and income taxes paid. The ASU is effective for fiscal years beginning after December 15, 2024, on a prospective or retrospective basis, and early adoption is permitted. The Company is currently evaluating the effect that the new guidance will have on our related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires business entities to enhance disclosures about significant segment expenses. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis, and early adoption is permitted. The Company is currently evaluating the effect that the new guidance will have on our related disclosures.

3. Operations and Segmentation

The Railroad, along with its subsidiaries and rail affiliates, is our one reportable operating segment. Although we provide and analyze revenues by commodity group, we treat the financial results of the Railroad as one segment due to the integrated nature of our rail network. Our operating revenues are primarily derived from contracts with customers for the transportation of freight from origin to destination.

The following table represents a disaggregation of our freight and other revenues:

Millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Bulk	\$ 1,721	\$ 1,757	\$ 3,538	\$ 3,654
Industrial	2,123	2,086	4,227	4,103
Premium	1,794	1,726	3,489	3,468
Total freight revenues	\$ 5,638	\$ 5,569	\$ 11,254	\$ 11,225
Other subsidiary revenues	212	220	429	455
Accessorial revenues	131	149	305	300
Other	26	25	50	39
Total operating revenues	\$ 6,007	\$ 5,963	\$ 12,038	\$ 12,019

Although our revenues are principally derived from customers domiciled in the U.S., the ultimate points of origination or destination for some products we transport are outside the U.S. Each of our commodity groups includes revenues from shipments to and from Mexico. Included in the above table are revenues from our Mexico business, which amounted to \$744 million and \$689 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.5 billion and \$1.4 billion for the six months ended June 30, 2024 and 2023, respectively.

4. Stock-Based Compensation

We have several stock-based compensation plans where employees receive nonvested stock options, nonvested retention shares, and nonvested stock units. We refer to the nonvested shares and stock units collectively as "retention awards". Employees also are able to participate in our employee stock purchase plan (ESPP).

Information regarding stock-based compensation expense appears in the table below:

Millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Stock-based compensation, before tax:				
Stock options	\$ 5	\$ 4	\$ 9	\$ 8
Retention awards	18	15	35	33
ESPP	5	5	10	11
Total stock-based compensation, before tax	\$ 28	\$ 24	\$ 54	\$ 52
Excess income tax benefits from equity compensation plans	\$ 1	\$ 1	\$ 10	\$ 7

Stock Options – Stock options are granted at the closing price on the date of grant, have 10-year contractual terms, and vest no later than 3 years from the date of grant. None of the stock options outstanding at June 30, 2024, are subject to performance or market-based vesting conditions.

The table below shows the annual weighted-average assumptions used for Black-Scholes valuation purposes:

Weighted-Average Assumptions	2024	2023
Risk-free interest rate	4.2%	3.9%
Dividend yield	2.1%	2.6%
Expected life (years)	4.4	4.5
Volatility	28.7%	29.3%
Weighted-average grant-date fair value of options granted	\$ 61.75	\$ 48.31

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant; the expected dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant; the expected life is based on historical and expected exercise behavior; and expected volatility is based on the historical volatility of our stock price over the expected life of the stock option.

A summary of stock option activity during the six months ended June 30, 2024, is presented below:

	Options (thous.)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in yrs.)	Aggregate Intrinsic Value (millions)
Outstanding at January 1, 2024	2,072	\$ 180.56	5.9	\$ 135
Granted	305	248.82	N/A	N/A
Exercised	(152)	139.36	N/A	N/A
Forfeited or expired	(19)	228.80	N/A	N/A
Outstanding at June 30, 2024	2,206	\$ 192.42	6.1	\$ 87
Vested or expected to vest at June 30, 2024	2,188	\$ 192.10	6.1	\$ 87
Options exercisable at June 30, 2024	1,591	\$ 177.29	5.0	\$ 82

At June 30, 2024, there was \$24 million of unrecognized compensation expense related to nonvested stock options, which is expected to be recognized over a weighted-average period of 1.4 years. Additional information regarding stock option exercises appears in the following table:

<i>Millions</i>	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	2024	2023	2024	2023
Intrinsic value of stock options exercised	\$ 4	\$ 3	\$ 16	\$ 7
Cash received from option exercises	9	4	24	8
Treasury shares repurchased for employee payroll taxes	(1)	(1)	(5)	(2)
Income tax benefit realized from option exercises	1	1	4	2
Aggregate grant-date fair value of stock options vested	-	-	15	14

Retention Awards – Retention awards are granted at no cost to the employee, vest over periods lasting up to 4 years, and dividends and dividend equivalents are paid to participants during the vesting periods.

Changes in our retention awards during the six months ended June 30, 2024, were as follows:

	<i>Shares (thous.)</i>	<i>Weighted-Average Grant-Date Fair Value</i>
Nonvested at January 1, 2024	996	\$ 207.76
Granted	211	248.75
Vested	(243)	186.53
Forfeited	(26)	219.25
Nonvested at June 30, 2024	938	\$ 222.16

At June 30, 2024, there was \$101 million of total unrecognized compensation expense related to nonvested retention awards, which is expected to be recognized over a weighted-average period of 1.6 years.

Performance Stock Unit Awards – In February 2024, our Board of Directors approved performance stock unit grants. This plan is based on performance targets for annual return on invested capital (ROIC) and operating income growth (OIG) compared to companies in the S&P 100 Industrials Index plus the Class I railroads. We define ROIC as net operating profit adjusted for interest expense (including interest on average operating lease liabilities) and taxes on interest divided by average invested capital adjusted for average operating lease liabilities.

The February 2024 stock units awarded to executives are subject to continued employment for 37 months, the attainment of certain levels of ROIC, and the relative three-year OIG. We expense two-thirds of the fair value of the units that are probable of being earned based on our forecasted ROIC over the three-year performance period, and with respect to the third year of the plan, we expense the remaining one-third of the fair value subject to the relative three-year OIG. We measure the fair value of performance stock units based upon the closing price of the underlying common stock as of the date of grant. Dividend equivalents are accumulated during the service period and paid to participants only after the units are earned.

Changes in our performance stock unit awards during the six months ended June 30, 2024, were as follows:

	<i>Shares (thous.)</i>	<i>Weighted-Average Grant-Date Fair Value</i>
Nonvested at January 1, 2024	617	\$ 204.50
Granted	227	248.82
Vested	(119)	204.67
Unearned	(70)	204.45
Forfeited	(21)	227.05
Nonvested at June 30, 2024	634	\$ 219.60

At June 30, 2024, there was \$23 million of total unrecognized compensation expense related to nonvested performance stock unit awards, which is expected to be recognized over a weighted-average period of 1.7 years. This expense is subject to achievement of the performance measures established for the performance stock unit grants.

5. Retirement Plans

We provide defined benefit retirement income to eligible non-union employees through qualified and non-qualified (supplemental) pension plans. Qualified and non-qualified pension benefits are based on years of service and the highest compensation during the latest years of employment, with specific reductions made for early retirements. Non-union employees hired on or after January 1, 2018, are no longer eligible for pension benefits, but are eligible for an enhanced 401(k) plan.

Expense

Pension expense is determined based upon the annual service cost of benefits (the actuarial cost of benefits earned during a period) and the interest cost on those liabilities, less the expected return on plan assets. The expected long-term rate of return on plan assets is applied to a calculated value of plan assets that recognizes changes in fair value over a 5-year period. This practice is intended to reduce year-to-year volatility in pension expense, but it can have the effect of delaying the recognition of differences between actual returns on assets and expected returns based on long-term rate of return assumptions. Differences in actual experience in relation to assumptions are not recognized in net income immediately but are deferred in accumulated other comprehensive income/loss and, if necessary, amortized as pension expense.

The components of our net periodic pension benefit/cost were as follows:

Millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Service cost	\$ 14	\$ 12	\$ 27	\$ 25
Interest cost	46	46	92	92
Expected return on plan assets	(63)	(62)	(126)	(124)
Amortization of actuarial loss	2	2	4	4
Net periodic pension (benefit)/cost	\$ (1)	\$ (2)	\$ (3)	\$ (3)

Cash Contributions

For the six months ended June 30, 2024, cash contributions totaled \$0 to the qualified pension plans. Any contributions made during 2024 will be based on cash generated from operations and financial market considerations. Our policy with respect to funding the qualified pension plans is to fund at least the minimum required by law and not more than the maximum amount deductible for tax purposes. At June 30, 2024, we do not have minimum cash funding requirements for 2024.

6. Other Income

Other income included the following:

Millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Real estate income [a]	\$ 57	\$ 69	\$ 122	\$ 245
Net periodic pension benefit/(costs)	15	14	30	28
Interest from IRS refund claims	24	-	24	-
Non-operating property environmental remediation and restoration	(8)	(3)	(14)	(22)
Other	15	13	33	26
Total	\$ 103	\$ 93	\$ 195	\$ 277

[a] The six-months ended June 30, 2023, includes a one-time \$107 million transaction.

7. Income Taxes

In the second quarter of 2024, the state of Arkansas enacted legislation to reduce its corporate income tax rate for future years resulting in an \$8 million reduction of our deferred tax expense.

In the second quarter of 2023, the state of Nebraska enacted legislation to reduce its corporate income tax rate for future years resulting in a \$73 million reduction of our deferred tax expense.

8. Earnings Per Share

The following table provides a reconciliation between basic and diluted earnings per share:

<i>Millions, Except Per Share Amounts</i>	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	2024	2023	2024	2023
Net income	\$ 1,673	\$ 1,569	\$ 3,314	\$ 3,199
Weighted-average number of shares outstanding:				
Basic	609.4	608.7	609.3	609.6
Dilutive effect of stock options	0.4	0.3	0.5	0.4
Dilutive effect of retention shares and units	0.5	0.5	0.5	0.5
Diluted	610.3	609.5	610.3	610.5
Earnings per share - basic	\$ 2.75	\$ 2.58	\$ 5.44	\$ 5.25
Earnings per share - diluted	\$ 2.74	\$ 2.57	\$ 5.43	\$ 5.24
Stock options excluded as their inclusion would be anti-dilutive	0.5	1.0	0.5	0.9

9. Accumulated Other Comprehensive Income/Loss

Reclassifications out of accumulated other comprehensive income/loss were as follows (net of tax):

<i>Millions</i>	<i>Defined benefit plans</i>	<i>Foreign currency translation</i>	<i>Unrealized gain on derivative instruments [a]</i>	<i>Total</i>
Balance at April 1, 2024	\$ (483)	\$ (143)	\$ 16	\$ (610)
Other comprehensive income/(loss) before reclassifications	-	4	-	4
Amounts reclassified from accumulated other comprehensive income/(loss) [b]	-	-	-	-
Net quarter-to-date other comprehensive income/(loss), net of taxes of \$0 million	-	4	-	4
Balance at June 30, 2024	\$ (483)	\$ (139)	\$ 16	\$ (606)
Balance at April 1, 2023	\$ (379)	\$ (181)	\$ -	\$ (560)
Other comprehensive income/(loss) before reclassifications	6	21	16	43
Amounts reclassified from accumulated other comprehensive income/(loss) [b]	-	-	-	-
Net quarter-to-date other comprehensive income/(loss), net of taxes of (\$3) million	6	21	16	43
Balance at June 30, 2023	\$ (373)	\$ (160)	\$ 16	\$ (517)

[a] Related to interest rate swaps from equity method investments.

[b] The accumulated other comprehensive income/loss reclassification components are 1) prior service cost/credit and 2) net actuarial loss, which are both included in the computation of net periodic pension benefit/cost. See Note 5 Retirement Plans for additional details.

Millions	Defined benefit plans	Foreign currency translation	Unrealized gain on derivative instruments [a]	Total
Balance at January 1, 2024	\$ (484)	\$ (146)	\$ 16	\$ (614)
Other comprehensive income/(loss) before reclassifications	2	7	-	9
Amounts reclassified from accumulated other comprehensive income/(loss) [b]	(1)	-	-	(1)
Net year-to-date other comprehensive income/(loss), net of taxes of (\$0) million	1	7	-	8
Balance at June 30, 2024	\$ (483)	\$ (139)	\$ 16	\$ (606)
Balance at January 1, 2023	\$ (378)	\$ (204)	\$ -	\$ (582)
Other comprehensive income/(loss) before reclassifications	6	44	16	66
Amounts reclassified from accumulated other comprehensive income/(loss) [b]	(1)	-	-	(1)
Net year-to-date other comprehensive income/(loss), net of taxes of (\$3) million	5	44	16	65
Balance at June 30, 2023	\$ (373)	\$ (160)	\$ 16	\$ (517)

[a] Related to interest rate swaps from equity method investments.

[b] The accumulated other comprehensive income/loss reclassification components are 1) prior service cost/credit and 2) net actuarial loss, which are both included in the computation of net periodic pension benefit/cost. See Note 5 Retirement Plans for additional details.

10. Accounts Receivable

Accounts receivable includes freight and other receivables reduced by an allowance for doubtful accounts. At June 30, 2024, and December 31, 2023, our accounts receivable were reduced by \$12 million and \$9 million, respectively. Receivables not expected to be collected in one year and the associated allowances are classified as other assets in our Condensed Consolidated Statements of Financial Position. At June 30, 2024, and December 31, 2023, receivables classified as other assets were reduced by allowances of \$79 million and \$71 million, respectively.

Receivables Securitization Facility – The Railroad maintains an \$800 million, 3-year receivables securitization facility (the Receivables Facility) maturing in July 2025. Under the Receivables Facility, the Railroad sells most of its eligible third-party receivables to Union Pacific Receivables, Inc. (UPRI), a consolidated, wholly-owned, bankruptcy-remote subsidiary that may subsequently transfer, without recourse, an undivided interest in accounts receivable to investors. The investors have no recourse to the Railroad's other assets except for customary warranty and indemnity claims. Creditors of the Railroad do not have recourse to the assets of UPRI.

The amount recorded under the Receivables Facility was \$400 million and \$0 at June 30, 2024, and December 31, 2023, respectively. During the six months ended June 30, 2024, we issued \$800 million and repaid \$400 million under the Receivables Facility. The Receivables Facility was supported by \$1.8 billion and \$1.7 billion of accounts receivable as collateral at June 30, 2024, and December 31, 2023, respectively, which, as a retained interest, is included in accounts receivable, net in our Condensed Consolidated Statements of Financial Position.

The outstanding amount the Railroad maintains under the Receivables Facility may fluctuate based on current cash needs. The maximum allowed under the Receivables Facility is \$800 million with availability directly impacted by eligible receivables, business volumes, and credit risks, including receivables payment quality measures such as default and dilution ratios. If default or dilution ratios increase one percent, the allowable outstanding amount under the Receivables Facility would not materially change.

The costs of the Receivables Facility include interest, which will vary based on prevailing benchmark and commercial paper rates, program fees paid to participating banks, commercial paper issuance costs, and fees of participating banks for unused commitment availability. The costs of the Receivables Facility are included in interest expense and were \$4 million and \$1 million for the three months ended June 30, 2024 and 2023, respectively, and \$5 million and \$4 million for the six months ended June 30, 2024 and 2023, respectively.

11. Properties

The following tables list the major categories of property and equipment, as well as the weighted-average estimated useful life for each category (in years):

<i>Millions, Except Estimated Useful Life</i>		<i>As of June 30, 2024</i>			
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	<i>Estimated Useful Life</i>	
Land	\$ 5,438	\$ N/A	\$ 5,438	N/A	
Road:					
Rail and other track material	19,065	7,494	11,571	46	
Ties	12,165	4,010	8,155	34	
Ballast	6,415	2,122	4,293	34	
Other roadway [a]	23,512	5,527	17,985	47	
Total road	61,157	19,153	42,004	N/A	
Equipment:					
Locomotives	9,532	3,665	5,867	18	
Freight cars	2,933	1,011	1,922	23	
Work equipment and other [b]	1,168	455	713	17	
Total equipment	13,633	5,131	8,502	N/A	
Technology and other	1,421	609	812	12	
Construction in progress	1,079	-	1,079	N/A	
Total	\$ 82,728	\$ 24,893	\$ 57,835	N/A	

<i>Millions, Except Estimated Useful Life</i>		<i>As of December 31, 2023</i>			
	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	<i>Estimated Useful Life</i>	
Land	\$ 5,426	\$ N/A	\$ 5,426	N/A	
Road:					
Rail and other track material	18,837	7,344	11,493	42	
Ties	11,985	3,895	8,090	34	
Ballast	6,345	2,061	4,284	34	
Other roadway [a]	23,175	5,368	17,807	47	
Total road	60,342	18,668	41,674	N/A	
Equipment:					
Locomotives	9,295	3,591	5,704	18	
Freight cars	2,765	956	1,809	23	
Work equipment and other	1,344	546	798	17	
Total equipment	13,404	5,093	8,311	N/A	
Technology and other	1,388	574	814	12	
Construction in progress	1,173	-	1,173	N/A	
Total	\$ 81,733	\$ 24,335	\$ 57,398	N/A	

[a] Other roadway includes grading, bridges and tunnels, signals, buildings, and other road assets.

[b] For retirements of depreciable railroad properties that do not occur in the normal course of business, a gain or loss may be recognized if the retirement meets each of the following three conditions: (a) is unusual, (b) is material in amount, and (c) varies significantly from the retirement profile identified through our depreciation studies. In the second quarter of 2024, we sold a large portion of an intermodal equipment asset class resulting in a \$46 million gain recognized in other expense in our Condensed Consolidated Statements of Income.

12. Accounts Payable and Other Current Liabilities

Millions	Jun. 30, 2024	Dec. 31, 2023
Accounts payable	\$ 870	\$ 856
Compensation-related accruals	561	533
Income and other taxes payable	522	685
Interest payable	372	389
Accrued casualty costs	363	307
Current operating lease liabilities	317	355
Equipment rents payable	106	98
Other	449	460
Total accounts payable and other current liabilities	\$ 3,560	\$ 3,683

13. Financial Instruments

Short-Term Investments – All of the Company's short-term investments consist of time deposits and government agency securities. These investments are considered Level 2 investments and are valued at amortized cost, which approximates fair value. As of June 30, 2024, and December 31, 2023, the Company had \$20 million and \$16 million of short-term investments, respectively. All short-term investments have a maturity of less than one year and are classified as held-to-maturity.

Fair Value of Financial Instruments – The fair value of our short- and long-term debt was estimated using a market value price model, which utilizes applicable U.S. Treasury rates along with current market quotes on comparable debt securities. All of the inputs used to determine the fair market value of the Corporation's long-term debt are Level 2 inputs and obtained from an independent source. At June 30, 2024, the fair value of total debt was \$25.9 billion, approximately \$6.0 billion less than the carrying value. At December 31, 2023, the fair value of total debt was \$28.5 billion, approximately \$4.1 billion less than the carrying value. The fair value of the Corporation's debt is a measure of its current value under present market conditions. The fair value of our cash equivalents approximates their carrying value due to the short-term maturities of these instruments.

14. Debt

Credit Facilities – At June 30, 2024, we had \$2.0 billion of credit available under our revolving credit facility (the Facility), which is designated for general corporate purposes and supports the issuance of commercial paper. Credit facility withdrawals totaled \$0 during the six months ended June 30, 2024. Commitment fees and interest rates payable under the Facility are similar to fees and rates available to comparably rated, investment-grade borrowers. The Facility allows for borrowings at floating rates based on Term Secured Overnight Financing Rate (SOFR), plus a spread, depending upon credit ratings for our senior unsecured debt. The Facility, set to expire May 20, 2027, requires UPC to maintain an adjusted debt-to-EBITDA (earnings before interest, taxes, depreciation, and amortization) coverage ratio.

The definition of debt used for purposes of calculating the adjusted debt-to-EBITDA coverage ratio includes, among other things, certain credit arrangements, finance leases, guarantees, unfunded and vested pension benefits under Title IV of ERISA, and unamortized debt discount and deferred debt issuance costs. At June 30, 2024, the Company was in compliance with the adjusted debt-to-EBITDA coverage ratio, which allows us to carry up to \$45.3 billion of debt (as defined in the Facility), and we had \$33.6 billion of debt (as defined in the Facility) outstanding at that date. The Facility does not include any other financial restrictions, credit rating triggers (other than rating-dependent pricing), or any other provision that could require us to post collateral. The Facility also includes a \$150 million cross-default provision and a change-of-control provision.

During the six months ended June 30, 2024, we issued \$598 million and repaid \$298 million of commercial paper with maturities ranging from 27 to 57 days, and at June 30, 2024, we had \$300 million of commercial paper with a weighted average interest rate of 5.4% outstanding. Our revolving credit facility supports our outstanding commercial paper balances, and, unless we change the terms of our commercial paper program, our aggregate issuance of commercial paper will not exceed the amount of borrowings available under the Facility.

Shelf Registration Statement and Significant New Borrowings – We filed an automatic shelf registration statement with the SEC that became effective on February 13, 2024. The Board of Directors authorized the issuance of up to \$9.0 billion of debt securities, replacing the prior Board authorization in February 2022, which had \$5.6 billion of authority remaining. Under our shelf registration, we may issue, from time to time, any combination of debt securities, preferred stock, common stock, or warrants for debt securities or preferred stock in one or more offerings.

During the six months ended June 30, 2024, we did not issue any debt securities under this registration statement. At June 30, 2024, we had remaining authority from the Board of Directors to issue up to \$9.0 billion of debt securities under our shelf registration.

Receivables Securitization Facility – As of June 30, 2024, and December 31, 2023, we recorded \$400 million and \$0, respectively, of borrowings under our Receivables Facility as secured debt. (See further discussion in the "Receivables Securitization Facility" section of Note 10).

15. Commitments and Contingencies

Asserted and Unasserted Claims – Various claims and lawsuits are pending against us and certain of our subsidiaries. We cannot fully determine the effect of all asserted and unasserted claims on our consolidated results of operations, financial condition, or liquidity. We have recorded a liability where asserted and unasserted claims are considered probable and where such claims can be reasonably estimated. We currently do not expect that any known lawsuits, claims, environmental costs, commitments, contingent liabilities, or guarantees will have a material adverse effect on our consolidated results of operations, financial condition, or liquidity after taking into account liabilities and insurance recoveries previously recorded for these matters.

In December 2019, we received a putative class action complaint under the Illinois Biometric Information Privacy Act, alleging violation due to the use of a finger scan system developed and managed by third parties. Union Pacific and the plaintiff are currently in the discovery phase. While we believe that we have strong defenses to the claims made in the complaint and will vigorously defend ourselves, there is no assurance regarding the ultimate outcome. Therefore, the outcome of this litigation is inherently uncertain, and we cannot reasonably estimate any loss or range of loss that may arise from this matter.

Personal Injury – The Federal Employers' Liability Act (FELA) governs compensation for work-related accidents. Under FELA, damages are assessed based on a finding of fault through litigation or out-of-court settlements. We offer a comprehensive variety of services and rehabilitation programs for employees who are injured at work.

Approximately 92% of the recorded liability is related to asserted claims and approximately 8% is related to unasserted claims at June 30, 2024. Because of the uncertainty surrounding the ultimate outcome of personal injury claims, it is reasonably possible that future costs to settle these claims may range from approximately \$387 million to \$502 million. We record an accrual at the low end of the range as no amount of loss within the range is more probable than any other. Estimates can vary over time due to evolving trends in litigation.

Our personal injury liability activity was as follows:

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Beginning balance	\$ 383	\$ 361
Current year accruals	58	52
Changes in estimates for prior years	-	31
Payments	(54)	(77)
Ending balance at June 30,	\$ 387	\$ 367
Current portion, ending balance at June 30,	\$ 109	\$ 98

Environmental Costs – We are subject to federal, state, and local environmental laws and regulations. We have identified 350 sites where we are or may be liable for remediation costs associated with alleged contamination or for violations of environmental requirements. This includes 31 sites that are the subject of actions taken by the U.S. government, including 19 that are currently on the Superfund National Priorities List. Certain federal legislation imposes joint and several liability for the remediation of identified sites; consequently, our ultimate environmental liability may include costs relating to activities of other parties, in addition to costs relating to our own activities at each site.

Our environmental liability activity was as follows:

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Beginning balance	\$ 245	\$ 253
Accruals	78	62
Payments	(50)	(50)
Ending balance at June 30,	\$ 273	\$ 265
Current portion, ending balance at June 30,	\$ 119	\$ 78

The environmental liability includes future costs for remediation and restoration of sites, as well as ongoing monitoring costs, but excludes any anticipated recoveries from third-parties. Cost estimates are based on information available for each site, financial viability of other potentially responsible parties, and existing technology, laws, and regulations. The ultimate liability for remediation is difficult to determine because of the number of potentially responsible parties, site-specific cost sharing arrangements with other potentially responsible parties, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs. Estimates of liability may vary over time due to changes in federal, state, and local laws governing environmental remediation. Current obligations are not expected to have a material adverse effect on our consolidated results of operations, financial condition, or liquidity.

Indemnities – Our maximum potential exposure under indemnification arrangements, including certain tax indemnifications, can range from a specified dollar amount to an unlimited amount, depending on the nature of the transactions and the agreements. Due to uncertainty as to whether claims will be made or how they will be resolved, we cannot reasonably determine the probability of an adverse claim or reasonably estimate any adverse liability or the total maximum exposure under these indemnification arrangements. We do not have any reason to believe that we will be required to make any material payments under these indemnity provisions.

16. Share Repurchase Programs

Effective April 1, 2022, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock by March 31, 2025. As of June 30, 2024, we repurchased a total of 20.1 million shares of our common stock under the 2022 authorization. These repurchases may be made on the open market or through other transactions. Our management has sole discretion with respect to determining the timing and amount of these transactions.

The table below represents shares repurchased under repurchase programs in the six months ended June 30, 2024 and 2023:

	Number of Shares Purchased		Average Price Paid	
	2024	2023	2024	2023
First quarter	-	2,908,703	\$ -	\$ 203.19
Second quarter	492,320	606,581	225.96	199.81
Total	492,320	3,515,284	\$ 225.96	\$ 202.61
Remaining number of shares that may be repurchased under current authority				79,899,707

Management's assessments of market conditions and other pertinent factors guide the timing, manner, and volume of all repurchases. We expect to fund any share repurchases under this program through cash generated from operations, the sale or lease of various operating and non-operating properties, debt issuances, and cash on hand. Open market repurchases are recorded in treasury stock at cost, which includes any applicable commissions, fees, and excise taxes.

17. Related Parties

UPRR and other North American railroad companies jointly own TTX Company (TTX). UPRR has a 37.03% economic interest in TTX while the other North American railroads own the remaining interest. In accordance with ASC 323 *Investments - Equity Method and Joint Venture*, UPRR applies the equity method of accounting to our investment in TTX.

TTX is a rail car pooling company that owns rail cars and intermodal wells to serve North America's railroads. TTX assists railroads in meeting the needs of their customers by providing rail cars in an efficient, pooled environment. All railroads have the ability to utilize TTX rail cars through car hire by renting rail cars at stated rates.

UPRR had \$1.9 billion and \$1.8 billion recognized as investments related to TTX in our Condensed Consolidated Statements of Financial Position as of June 30, 2024, and December 31, 2023, respectively. TTX car hire expenses of \$107 million and \$102 million for the three months ended June 30, 2024 and 2023, respectively, and \$209 million and \$205 million for the six months ended June 30, 2024 and 2023, respectively, are included in equipment and other rents in our Condensed Consolidated Statements of Income. In addition, UPRR had accounts payable to TTX of \$72 million and \$60 million at June 30, 2024, and December 31, 2023, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

UNION PACIFIC CORPORATION AND SUBSIDIARY COMPANIES RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2024, Compared to Three and Six Months Ended June 30, 2023

For purposes of this report, unless the context otherwise requires, all references herein to "Union Pacific", "UPC", "Corporation", "Company", "we", "us", and "our" shall mean Union Pacific Corporation and its subsidiaries, including Union Pacific Railroad Company, which we separately refer to as "UPRR" or the "Railroad".

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and applicable notes to the Condensed Consolidated Financial Statements, Item 1, and other information included in this report. Our Condensed Consolidated Financial Statements are unaudited and reflect all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (GAAP).

The Railroad, along with its subsidiaries and rail affiliates, is our one reportable business segment. Although revenues are analyzed by commodity, we analyze the net financial results of the Railroad as one segment due to the integrated nature of the rail network.

Critical Accounting Estimates

The preparation of these financial statements requires estimation and judgment that affect the reported amounts of revenues, expenses, assets, and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. If these estimates differ materially from actual results, the impact on the Condensed Consolidated Financial Statements may be material. Our critical accounting estimates are available in Item 7 of our 2023 Annual Report on Form 10-K. During the first six months of 2024, there have not been any significant changes with respect to our critical accounting estimates.

RESULTS OF OPERATIONS

Quarterly Summary

The Company reported earnings of \$2.74 per diluted share on net income of \$1.7 billion and an operating ratio of 60.0% in the second quarter of 2024 compared to earnings of \$2.57 per diluted share on net income of \$1.6 billion and an operating ratio of 63.0% for the second quarter of 2023. Freight revenues increased 1% in the second quarter of 2024 compared to the same period in 2023 driven by core pricing gains and a slight increase in volume, partially offset by negative mix (for example, a relative increase in international intermodal shipments, which have a lower average revenue per car (ARC)) and lower fuel surcharge revenues. Volume increases were primarily driven by international intermodal and fertilizer, mostly offset by weaker demand for coal and rock shipments.

During the second quarter of 2024 our network was challenged by multiple weather events. While no individual event was catastrophic, the frequency and cumulative effect did impact our overall network fluidity. Our focus on operational excellence and resiliency was supported by ample train crew and locomotive resources, which enabled us to recover from each of these events quickly. As a result, freight car velocity was flat despite repeated interruptions. Locomotive productivity improved 6% compared to the second quarter of 2023 as we reduced our active locomotive fleet by approximately 300 units compared to the end of the second quarter of 2023, while utilizing our capacity buffer throughout the quarter to flex the fleet size and recover from the weather events. Workforce productivity improved 5% as our active train, engine, and yard (TE&Y) employees increased 1% year over year while the remainder of our workforce declined 9%. Although we have fewer TE&Y employees in training versus the second quarter of 2023, we are still maintaining an adequate training pipeline to provide a buffer to enable responsiveness in an ever-changing demand and operating environment. We also have additional TE&Y employees to cover increased needs associated with less available workdays because of new sick leave benefits and work/rest agreements (new labor agreements). Both intermodal service performance index and train length improved from the second quarter of 2023 while manifest/automotive service performance index remained flat with that portion of the network more impacted by the weather events.

Operating expenses decreased 4% compared to the second quarter of 2023 due to productivity, a one-time \$67 million expense in 2023 from ratification of a crew staffing agreement with the International Association of Sheet Metal, Air, Rail and Transportation Workers (2023 ratification charge), a \$46 million gain on the sale of intermodal equipment in 2024, and lower fuel prices. These decreases were partially offset by inflation, derailment costs, higher environmental remediation costs at a legacy site, and higher depreciation. Operating income of \$2.4 billion increased 9%, and our operating ratio of 60.0% improved 3.0 points from the second quarter of 2023.

Operating Revenues

<i>Millions</i>	<i>Three Months Ended June 30,</i>			<i>Six Months Ended June 30,</i>		
	2024	2023	Change	2024	2023	Change
Freight revenues	\$ 5,638	\$ 5,569	1%	\$ 11,254	\$ 11,225	-%
Other subsidiary revenues	212	220	(4)	429	455	(6)
Accessorial revenues	131	149	(12)	305	300	2
Other	26	25	4	50	39	28
Total	\$ 6,007	\$ 5,963	1%	\$ 12,038	\$ 12,019	-%

We generate freight revenues by transporting products from our three commodity groups. Freight revenues vary with volume (carloads) and ARC. Changes in price, traffic mix, and fuel surcharges drive ARC. Customer incentives, which are primarily provided for shipping to/from specific locations or based on cumulative volumes, are recorded as a reduction to operating revenues. Customer incentives that include variable consideration based on cumulative volumes are estimated using the expected value method, which is based on available historical, current, and forecasted volumes, and recognized as the related performance obligation is satisfied. We recognize freight revenues over time as shipments move from origin to destination. The allocation of revenues between reporting periods is based on the relative transit time in each reporting period with expenses recognized as incurred.

Other subsidiary revenues (primarily logistics and commuter rail operations) are generally recognized over time as shipments move from origin to destination. The allocation of revenues between reporting periods is based on the relative transit time in each reporting period with expenses recognized as incurred. Accessorial revenues are recognized at a point in time as performance obligations are satisfied.

Freight revenues increased 1% in the second quarter of 2024 compared to the same period in 2023 driven by core pricing gains and a slight increase in volume, partially offset by negative mix, due to the relative increase in lower ARC international intermodal shipments, and lower fuel surcharge revenues. Volume increases were primarily driven by international intermodal and fertilizer, partially offset by weaker demand for coal and rock shipments.

Each of our commodity groups includes revenues from fuel surcharges. Freight revenues from fuel surcharge programs decreased to \$669 million in the second quarter of 2024 compared to \$707 million in the same period of 2023 due to lower fuel prices and the lag impact on fuel prices (it can generally take up to two months for changing fuel prices to affect fuel surcharge recoveries), partially offset by higher volume.

Other subsidiary revenues decreased in the second quarter and six-month periods of 2024 compared to 2023 primarily driven by a weaker demand for intermodal shipments at our subsidiary that brokers intermodal and transload logistics services. Accessorial revenues decreased in the second quarter of 2024 compared to 2023 driven by lower intermodal accessorial revenues. Year-to-date, accessorial revenues increased in 2024 compared to the same period in 2023 driven by a one-time contract settlement in the first quarter of 2024, partially offset by lower intermodal accessorial revenues in the first half of 2024.

The following tables summarize the year-over-year changes in freight revenues, revenue carloads, and ARC by commodity type:

Freight Revenues <i>Millions</i>	<i>Three Months Ended June 30,</i>			<i>Six Months Ended June 30,</i>		
	2024	2023	Change	2024	2023	Change
Grain & grain products	\$ 901	\$ 890	1%	\$ 1,844	\$ 1,833	1%
Fertilizer	203	183	11	404	369	9
Food & refrigerated	278	255	9	563	518	9
Coal & renewables	339	429	(21)	727	934	(22)
Bulk	1,721	1,757	(2)	3,538	3,654	(3)
Industrial chemicals & plastics	593	545	9	1,165	1,081	8
Metals & minerals	530	562	(6)	1,045	1,098	(5)
Forest products	342	347	(1)	680	679	-
Energy & specialized markets	658	632	4	1,337	1,245	7
Industrial	2,123	2,086	2	4,227	4,103	3
Automotive	659	625	5	1,270	1,212	5
Intermodal	1,135	1,101	3	2,219	2,256	(2)
Premium	1,794	1,726	4	3,489	3,468	1
Total	\$ 5,638	\$ 5,569	1%	\$ 11,254	\$ 11,225	-%

Revenue Carloads <i>Thousands</i>	<i>Three Months Ended June 30,</i>			<i>Six Months Ended June 30,</i>		
	2024	2023	Change	2024	2023	Change
Grain & grain products	200	197	2%	410	399	3%
Fertilizer	62	48	29	109	93	17
Food & refrigerated	46	44	5	92	88	5
Coal & renewables	158	203	(22)	335	419	(20)
Bulk	466	492	(5)	946	999	(5)
Industrial chemicals & plastics	169	164	3	333	321	4
Metals & minerals	184	210	(12)	354	398	(11)
Forest products	55	55	-	108	107	1
Energy & specialized markets	147	144	2	301	283	6
Industrial	555	573	(3)	1,096	1,109	(1)
Automotive	218	213	2	425	413	3
Intermodal [a]	798	749	7	1,537	1,483	4
Premium	1,016	962	6	1,962	1,896	3
Total	2,037	2,027	-%	4,004	4,004	-%

Average Revenue per Car	<i>Three Months Ended June 30,</i>			<i>Six Months Ended June 30,</i>		
	2024	2023	Change	2024	2023	Change
Grain & grain products	\$ 4,493	\$ 4,527	(1)%	\$ 4,493	\$ 4,598	(2)%
Fertilizer	3,311	3,830	(14)	3,727	3,978	(6)
Food & refrigerated	5,943	5,740	4	6,086	5,851	4
Coal & renewables	2,156	2,107	2	2,173	2,228	(2)
Bulk	3,692	3,568	3	3,740	3,657	2
Industrial chemicals & plastics	3,507	3,336	5	3,497	3,368	4
Metals & minerals	2,885	2,677	8	2,955	2,760	7
Forest products	6,249	6,337	(1)	6,272	6,360	(1)
Energy & specialized markets	4,462	4,388	2	4,439	4,398	1
Industrial	3,825	3,646	5	3,855	3,701	4
Automotive	3,033	2,928	4	2,991	2,935	2
Intermodal [a]	1,421	1,471	(3)	1,444	1,521	(5)
Premium	1,766	1,794	(2)	1,779	1,829	(3)
Average	\$ 2,768	\$ 2,748	1%	\$ 2,811	\$ 2,804	-%

[a] For intermodal shipments each container or trailer equals one carload.

Bulk – Bulk includes shipments of grain and grain products, fertilizer, food and refrigerated, and coal and renewables. Freight revenues from bulk shipments decreased in the second quarter and six-month periods of 2024 compared to 2023 due to a 5% decline in volume and lower fuel surcharge revenues, partially offset by a positive mix of traffic from decreased coal shipments and core pricing gains. Volume declines in both periods were driven by reduced use of coal in electricity generation because of low natural gas prices. In addition, year-to-date coal volumes were negatively impacted by mild winter weather, partially offset by first quarter of 2023 outages and service challenges due to repeated snow events in Wyoming that negatively impacted coal volumes. Additionally, the volume declines in both periods were partially offset by increased fertilizer shipments in the second quarter of 2024 due to strong demand and a 2023 customer outage.

Industrial – Industrial includes shipments of industrial chemicals and plastics, metals and minerals, forest products, and energy and specialized markets. Freight revenues from industrial shipments increased in the second quarter and six-month periods of 2024 compared to 2023 due to core pricing gains and positive mix of traffic from decreased short haul rock shipments and higher soda ash shipments, partially offset by lower fuel surcharge revenues and volume declines. Volume decreased in both periods were driven by lower demand for rock, due to weather, high inventories, and softness in Southern markets, partially offset by strength in petroleum.

Premium – Premium includes shipments of finished automobiles, automotive parts, and merchandise in intermodal containers, both domestic and international. Premium freight revenues increased in the second quarter and six-month periods of 2024 compared to 2023 due to increased volume and core pricing gains, partially offset by lower fuel surcharge revenues and negative mix. While international intermodal increased in both periods due to strong demand coming through West Coast imports, that growth was partially offset in the six-month period of 2024 by declines in domestic intermodal shipments due to soft market conditions in the first quarter of 2024. Finished automotive shipments increased in both periods of 2024 compared to 2023 driven by business wins and continued strength from dealer inventory replenishment, while automotive parts decreased in both periods.

Mexico Business – Each of our commodity groups includes revenues from shipments to and from Mexico. Revenues from Mexico business increased 8% to \$744 million in the second quarter of 2024 compared to 2023 driven by a 3% volume increase and a 5% increase in ARC. Year-to-date, revenues from Mexico business increased 10% compared to the same period in 2023 driven by 5% volume increase and 4% increase in ARC. Volume increases in both periods were driven by higher grain and finished automotive shipments, partially offset by automotive parts shipments.

Operating Expenses

Millions	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Compensation and benefits	\$ 1,187	\$ 1,269	(6)%	\$ 2,410	\$ 2,448	(2)%
Fuel	625	664	(6)	1,283	1,430	(10)
Purchased services and materials	644	650	(1)	1,257	1,303	(4)
Depreciation	596	577	3	1,190	1,149	4
Equipment and other rents	219	248	(12)	435	483	(10)
Other	336	351	(4)	691	708	(2)
Total	\$ 3,607	\$ 3,759	(4)%	\$ 7,266	\$ 7,521	(3)%

Operating expenses decreased in the second quarter and six-month period of 2024 compared to 2023 driven by productivity, the 2023 ratification charge, a gain on the sale of intermodal equipment in 2024, and lower fuel prices. These decreases were partially offset by inflation, derailment costs, higher environmental remediation costs at a legacy site, and higher depreciation. Additionally, year-to-date weather-related costs declined as the winter weather was not as impactful in the first quarter of 2024 compared to 2023.

Compensation and Benefits – Compensation and benefits include wages, payroll taxes, health and welfare costs, pension costs, and incentive costs. For the second quarter and six-month periods of 2024, expenses decreased 6% and 2%, respectively, compared to 2023 due to the 2023 ratification charge and lower employee levels in 2024, partially offset by wage inflation. Despite the overall reduction in employee levels, there was a slight increase in active TE&Y employees to support increased crew needs associated with the new labor agreements. In addition, we are maintaining an adequate training pipeline to provide a capacity buffer to enable responsiveness in an ever-changing demand and operating environment including weather events.

Fuel – Fuel includes locomotive fuel and gasoline for highway and non-highway vehicles and heavy equipment. Fuel expense decreased in the second quarter and six-month periods of 2024 compared to the same periods in 2023 driven by a decrease in locomotive diesel fuel prices, a 1% improvement in the fuel consumption rate (computed as gallons of fuel consumed divided by gross ton-miles in thousands), and a slight decline in gross ton-miles. Locomotive diesel fuel prices averaged \$2.73 and \$2.86 per gallon (including taxes and transportation costs) in the second quarter of 2024 and 2023, respectively. Year-to-date, locomotive diesel fuel prices averaged \$2.77 compared to \$3.04 per gallon in the same period of 2023.

Purchased Services and Materials – Expense for purchased services and materials includes the costs of services purchased from outside contractors and other service providers (including equipment maintenance and contract expenses incurred by our subsidiaries for external transportation services); materials used to maintain the Railroad's lines, structures, and equipment; costs of operating facilities jointly used by UPRR and other railroads; transportation and lodging for train crew employees; trucking and contracting costs for intermodal containers; leased automobile maintenance expenses; and tools and supplies. Purchased services and materials decreased 1% and 4% in the second quarter and six-month periods of 2024 compared to 2023, respectively, primarily due to declines in our active locomotive fleet as productivity improved in both periods and decreased volume-related drayage cost incurred at one of our subsidiaries, partially offset by inflation. In addition, the year-to-date period was positively impacted by a contract settlement.

Depreciation – The majority of depreciation relates to road property, including rail, ties, ballast, and other track material. Depreciation expense was up 3% and 4% for the second quarter and six-month period of 2024 compared to 2023, respectively, driven by a higher depreciable asset base.

Equipment and Other Rents – Equipment and other rents expense primarily includes rental expense that the Railroad pays for freight cars owned by other railroads or private companies; freight car, intermodal, and locomotive leases; and office and other rent expense, offset by equity income from certain equity method investments. Equipment and other rents expense decreased 12% and 10% in the second quarter and six-month periods of 2024 compared to 2023, respectively, driven by improved cycle times and lower lease expense, partially offset by increased demand in commodities utilizing freight cars owned by others and inflation.

Other – Other expenses include state and local taxes; freight, equipment, and property damage; utilities; insurance; personal injury; environmental remediation; employee travel; telephone and cellular; computer software; bad debt; and other general expenses. Other costs decreased 4% and 2% in the second quarter and six-month period of 2024 compared to 2023, respectively, driven by a gain on the sale of intermodal equipment and lower personal injury costs, partially offset by higher environmental remediation costs at a legacy site, freight loss and damage, and destroyed equipment costs.

Non-Operating Items

Millions	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Other income, net	\$ 103	\$ 93	11%	\$ 195	\$ 277	(30)%
Interest expense	(319)	(339)	(6)	(643)	(675)	(5)
Income tax expense	(511)	(389)	31	(1,010)	(901)	12

Other Income, net – Other income increased in the second quarter of 2024 compared to 2023 driven by interest received from the IRS on refund claims, partially offset by lower real estate income. Year-to-date, other income decreased due to a one-time \$107 million real estate transaction in 2023, partially offset by the interest received from the IRS on refund claims.

Interest Expense – Interest expense decreased in the second quarter and year-to-date periods of 2024 compared to 2023 due to a decreased weighted-average debt level. The weighted-average debt levels were \$31.7 billion and \$32.0 billion in the second quarter and year-to-date periods of 2024, respectively, compared to \$33.5 billion in both periods of 2023. The effective interest rate was 4.0% in all periods.

Income Tax Expense – Income tax expense increased in the second quarter and year-to-date periods of 2024 compared to 2023 driven by higher pre-tax income and deferred tax adjustments. In the second quarter of 2024, the state of Arkansas enacted legislation to reduce its corporate income tax rate for future years resulting in an \$8 million reduction of our deferred tax expense. In the second quarter of 2023, the state of Nebraska enacted legislation to reduce its corporate income tax rate for future years resulting in a reduction of our deferred tax expense of \$73 million. Our effective tax rates for year-to-date 2024 and 2023 were 23.4% and 22.0%, respectively.

OTHER OPERATING/PERFORMANCE AND FINANCIAL STATISTICS

We report a number of key performance measures weekly to the Surface Transportation Board (STB). We provide this data on our website at <https://investor.unionpacific.com/key-performance-metrics>.

Operating/Performance Statistics

Management continuously monitors these key operating metrics to evaluate our operational efficiency in striving to deliver the service product we sold to our customers.

Railroad performance measures are included in the table below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Gross ton-miles (GTMs) (billions)	206.8	207.6	-%	412.8	414.3	-%
Revenue ton-miles (billions)	100.0	101.5	(1)	201.3	205.3	(2)
Freight car velocity (daily miles per car)	201	202	-	202	199	2
Average train speed (miles per hour) [a]	23.3	24.1	(3)	23.7	24.1	(2)
Average terminal dwell time (hours) [a]	22.7	23.3	(3)	23.1	23.6	(2)
Locomotive productivity (GTMs per horsepower day)	134	126	6	134	125	7
Train length (feet)	9,544	9,316	2	9,415	9,238	2
Intermodal service performance index (%)	93	89	4pts	93	85	8pts
Manifest/Automotive service performance index (%)	84	84	-pts	85	82	3pts
Workforce productivity (car miles per employee)	1,031	978	5	1,015	983	3
Total employees (average)	30,556	32,243	(5)	30,804	31,888	(3)
Operating ratio (%)	60.0	63.0	(3.0)pts	60.4	62.6	(2.2)pts

[a] As reported to the STB.

Gross and Revenue Ton-Miles – Gross ton-miles are calculated by multiplying the weight of loaded and empty freight cars by the number of miles hauled. Revenue ton-miles are calculated by multiplying the weight of freight by the number of tariff miles. Gross ton-miles and revenue ton-miles decreased slightly and 1%, respectively, in the second quarter of 2024 compared to 2023, while carloadings increased slightly in the second quarter of 2024 compared to 2023. For the year-to-date periods, gross ton-miles and revenue ton-miles decreased slightly and 2%, respectively, while carloadings were flat year-over-year. Changes in commodity mix drove the year-over-year variances between gross ton-miles, revenue ton-miles, and carloads (lower coal shipments, which are generally heavier).

Freight Car Velocity – Freight car velocity measures the average daily miles per car on our network. The two key drivers of this metric are the speed of the train between terminals (average train speed) and the time a rail car spends at the terminals (average terminal dwell time). Freight car velocity was flat in the second quarter of 2024 compared to 2023 as improvements in terminal dwell time were offset by lower train speeds due to weather events that impacted our network in 2024. In the year-to-date periods, we experienced winter weather challenges in both years; however, 2024 was less impactful and our recovery period was shorter. The improvement in terminal fluidity drove a 2% improvement in freight car velocity.

Locomotive Productivity – Locomotive productivity is gross ton-miles per average daily locomotive horsepower available. Locomotive productivity increased 6% and 7% in the second quarter and six-month periods of 2024, respectively, compared to 2023 driven by improved network fluidity and asset utilization despite the impact of the weather events. Throughout the year, we maintained a buffer to flex the fleet size as we experienced and subsequently recovered from the weather events and varying volume levels.

Train Length – Train length is the average maximum train length on a route measured in feet. Our train length increased 2% in both the second quarter and six-month periods of 2024 compared to 2023 due to train length improvement initiatives and increases in international intermodal shipments, which generally move on longer trains.

Service Performance Index (SPI) – SPI is a ratio of the service customers are currently receiving relative to the best monthly performance over the last three years. Measuring our performance relative to a historical benchmark demonstrates our focus on continuously improving service for our customers, and we believe it is a better indicator of service performance than the previously disclosed Trip Plan Compliance. SPI does not replace the service commitments we have contractually agreed to with a small number of customers. Our SPI is calculated for intermodal and manifest/automotive products. Intermodal SPI improved 4 and 8 points in the second quarter and six-month periods of 2024 compared to 2023, respectively. Manifest/automotive SPI was flat and improved 3 points in the second quarter and six-month periods of 2024 compared to 2023, respectively. Weather events impacted our service performance in the second quarter of 2024.

Workforce Productivity – Workforce productivity is average daily car miles per employee. Workforce productivity improved 5% and 3% in the second quarter and six-month periods of 2024, respectively, as average daily car miles remained relatively flat and employees decreased 5% and 3%, respectively, compared to 2023. While the overall employee levels decreased in both periods compared to 2023, our active TE&Y employees increased to support increased crew needs associated with the new labor agreements. In addition, we are maintaining an adequate training pipeline to provide a capacity buffer to enable responsiveness in an ever-changing demand and operating environment.

Operating Ratio – Operating ratio is our operating expenses reflected as a percentage of operating revenues. Our operating ratio of 60.0% improved 3.0 points in the second quarter of 2024 compared to 2023 and our year-to-date operating ratio of 60.4% improved 2.2 points compared to 2023 mainly due to one-time items (the 2023 ratification agreement and the 2024 gain on the sale of intermodal equipment), core pricing gains, and productivity initiatives, partially offset by inflation, the year-over-year impact from lower fuel prices, as well as higher derailment, environmental remediation at a legacy site, and other costs. In addition, the year-to-date period was positively impacted by contract settlements in the first quarter of 2024.

Debt / Net Income

Millions, Except Ratios for the Trailing Twelve Months Ended [a]	Jun. 30, 2024	Dec. 31, 2023
Debt	\$ 31,892	\$ 32,579
Net income	6,494	6,379
Debt / net income	4.9	5.1

Adjusted Debt / Adjusted EBITDA

Millions, Except Ratios for the Trailing Twelve Months Ended [a]	Jun. 30, 2024	Dec. 31, 2023
Net income	\$ 6,494	\$ 6,379
Add:		
Income tax expense	1,963	1,854
Depreciation	2,359	2,318
Interest expense	1,308	1,340
EBITDA	\$ 12,124	\$ 11,891
Adjustments:		
Other income, net	(409)	(491)
Interest on operating lease liabilities [b]	48	58
Adjusted EBITDA	\$ 11,763	\$ 11,458
Debt	\$ 31,892	\$ 32,579
Operating lease liabilities	1,305	1,600
Adjusted debt	\$ 33,197	\$ 34,179
Adjusted debt / adjusted EBITDA	2.8	3.0

[a] The trailing twelve months income statement information ended June 30, 2024, is recalculated by taking the twelve months ended December 31, 2023, subtracting the six months ended June 30, 2023, and adding the six months ended June 30, 2024.

[b] Represents the hypothetical interest expense we would incur (using the incremental borrowing rate) if the property under our operating leases were owned or accounted for as finance leases.

Adjusted debt (total debt plus operating lease liabilities plus after-tax unfunded pension and OPEB (other post retirement benefit) obligations) to adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and adjustments for other income and interest on present value of operating leases) is considered a non-GAAP financial measure by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe this measure is important to management and investors in evaluating the Company's ability to sustain given debt levels (including leases) with the cash generated from operations. In addition, a comparable measure is used by rating agencies when reviewing the Company's credit rating. Adjusted debt to adjusted EBITDA should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The most comparable GAAP measure is debt to net income ratio. The tables above provide reconciliations from net income to adjusted EBITDA, debt to adjusted debt, and debt to net income to adjusted debt to adjusted EBITDA. At June 30, 2024, and December 31, 2023, the incremental borrowing rate on operating leases was 3.7% and 3.6%, respectively. Pension and OPEB were funded at June 30, 2024, and December 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

Cash Flows

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Cash provided by operating activities	\$ 4,033	\$ 3,858
Cash used in investing activities	(1,592)	(1,674)
Cash used in financing activities	(2,368)	(2,328)
Net change in cash, cash equivalents, and restricted cash	\$ 73	\$ (144)

Operating Activities

Cash provided by operating activities increased in the first six months of 2024 compared to the same period of 2023 due primarily to 2023 payments of \$445 million for agreements reached with our labor unions and higher net income, partially offset by higher income tax payments.

Investing Activities

Cash used in investing activities decreased in the first six months of 2024 compared to the same period of 2023 driven by higher proceeds from asset sales, including a sale of intermodal equipment.

The table below details cash capital investments:

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Rail and other track material	\$ 249	\$ 287
Ties	230	239
Ballast	90	99
Other [a]	296	330
Total road infrastructure replacements	865	955
Line expansion and other capacity projects	92	57
Commercial facilities	111	162
Total capacity and commercial facilities	203	219
Locomotives and freight cars [b]	535	302
Technology and other	96	131
Total cash capital investments [c]	\$ 1,699	\$ 1,607

[a] Other includes bridges and tunnels, signals, other road assets, and road work equipment.

[b] Locomotives and freight cars include early lease buyouts of \$96 million in 2024 and \$14 million in 2023.

[c] Weather-related damages for the six months ended June 30, 2024 and 2023, are immaterial.

Capital Plan

In 2024, we expect our capital plan to be approximately \$3.4 billion, down 8% from 2023. Roughly half of the year-over-year decrease is attributable to the 2023 purchase of a small trucking and transload operator and related real estate assets. We plan to continue to make investments to support our growth strategy, harden our infrastructure, replace older assets, and improve the safety and resiliency of the network. In addition, the plan includes investments in growth-related projects to drive more carloads to the network, certain ramps to efficiently handle volumes from new and existing intermodal customers, continued modernization of our locomotive fleet, and projects intended to improve operational efficiency. The capital plan may be revised if business conditions warrant or if new laws or regulations affect our ability to generate sufficient returns on these investments.

Financing Activities

Cash used in financing activities increased in the first six months of 2024 compared to the same period of 2023 driven by a decrease in debt issued and an increase in debt repaid, partially offset by a decrease in share repurchases.

See Note 14 of the Condensed Consolidated Financial Statements for a description of all our outstanding financing arrangements and significant new borrowings and Note 16 of the Condensed Consolidated Financial Statements for a description of our share repurchase programs.

Free Cash Flow – Free cash flow is defined as cash provided by operating activities less cash used in investing activities and dividends paid. Cash flow conversion rate is defined as cash provided by operating activities less cash used for capital investments as a ratio of net income.

Free cash flow and cash flow conversion rate are not considered financial measures under GAAP by SEC Regulation G and Item 10 of SEC Regulation S-K and may not be defined and calculated by other companies in the same manner. We believe free cash flow and cash flow conversion rate are important to management and investors in evaluating our financial performance and measures our ability to generate cash without external financing. Free cash flow and cash flow conversion rate should be considered in addition to, rather than as a substitute for, cash provided by operating activities.

The following table reconciles cash provided by operating activities (GAAP measure) to free cash flow (non-GAAP measure):

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Cash provided by operating activities	\$ 4,033	\$ 3,858
Cash used in investing activities	(1,592)	(1,674)
Dividends paid	(1,588)	(1,588)
Free cash flow	\$ 853	\$ 596

The following table reconciles cash provided by operating activities (GAAP measure) to cash flow conversion rate (non-GAAP measure):

<i>Millions, for the Six Months Ended June 30,</i>	2024	2023
Cash provided by operating activities	\$ 4,033	\$ 3,858
Cash used in capital investments	(1,699)	(1,607)
Total (a)	\$ 2,334	\$ 2,251
Net income (b)	\$ 3,314	\$ 3,199
Cash flow conversion rate (a/b)	70%	70%

Current Liquidity Status

We are continually evaluating our financial condition and liquidity. We analyze a wide range of economic scenarios and the impact on our ability to generate cash. These analyses inform our liquidity plans and activities outlined below and indicate we have sufficient borrowing capacity to sustain an extended period of lower volumes.

During the second quarter of 2024, we generated \$1.9 billion of cash provided by operating activities, repurchased \$111 million worth of shares under our share repurchase programs, and paid our quarterly dividend. On June 30, 2024, we had \$1.1 billion of cash and cash equivalents, \$2.0 billion of credit available under our revolving credit facility, and \$400 million undrawn on the Receivables Facility. We have been, and we expect to continue to be, in compliance with our debt covenants.

As described in the notes to the Condensed Consolidated Financial Statements and as referenced in the table below, we have contractual obligations that may affect our financial condition. Based on our assessment of the underlying provisions and circumstances of our contractual obligations, other than the risks that we and other similarly situated companies face with respect to the condition of the capital markets, as of the date of this filing, there is no known trend, demand, commitment, event, or uncertainty that is reasonably likely to occur that would have a material adverse effect on our consolidated results of operations, financial condition, or liquidity. In addition, our commercial obligations, financings, and commitments are customary transactions that are like those of other comparable corporations, particularly within the transportation industry.

The following table identifies material obligations as of June 30, 2024:

Contractual Obligations Millions	Total	Jul. 1 through Dec. 31,	Payments Due by Dec. 31,					After
		2024	2025	2026	2027	2028	2029	2028
Debt [a]	\$ 59,212	\$ 906	\$ 2,991	\$ 2,617	\$ 2,348	\$ 2,294	\$ 2,294	\$ 48,056
Purchase obligations [b]	2,313	420	782	608	232	160		111
Operating leases [c]	1,445	116	343	272	220	193		301
Other post retirement benefits [d]	371	22	40	40	39	39		191
Finance lease obligations [e]	140	21	42	36	30	11		-
Total contractual obligations	\$ 63,481	\$ 1,485	\$ 4,198	\$ 3,573	\$ 2,869	\$ 2,697	\$ 2,697	\$ 48,659

[a] Excludes finance lease obligations of \$128 million as well as unamortized discount and deferred issuance costs of (\$1,713) million. Includes an interest component of \$25,735 million.

[b] Purchase obligations include locomotive maintenance contracts; purchase commitments for ties, ballast, and rail; and agreements to purchase other goods and services.

[c] Includes leases for locomotives, freight cars, other equipment, and real estate. Includes an interest component of \$140 million.

[d] Includes estimated other post retirement, medical, and life insurance payments and payments made under the unfunded pension plan for the next ten years.

[e] Represents total obligations, including interest component of \$12 million.

OTHER MATTERS

Asserted and Unasserted Claims – See Note 15 to the Condensed Consolidated Financial Statements.

Indemnities – See Note 15 to the Condensed Consolidated Financial Statements.

CAUTIONARY INFORMATION

Certain statements in this report, and statements in other reports or information filed or to be filed with the SEC (as well as information included in oral statements or other written statements made or to be made by us), are, or will be, forward-looking statements as defined by the Securities Act of 1933 and the Securities Exchange Act of 1934. These forward-looking statements and information include, without limitation, statements and information set forth under the captions “Liquidity and Capital Resources” regarding our capital plan, share repurchase programs, contractual obligations, and “Other Matters” in this Item 2 of Part I. Forward-looking statements and information also include any other statements or information in this report (including information incorporated herein by reference) regarding: potential impacts of public health crises, including pandemics, epidemics, and the outbreak of other contagious disease, such as COVID; the Russia-Ukraine and Israel-Hamas wars and other geopolitical tensions in the middle east, and any impacts on our business operations, financial results, liquidity, and financial position, and on the world economy (including customers, employees, and supply chains), including as a result of fluctuations in volume and carloadings; closing of customer manufacturing, distribution or production facilities; expectations as to operational or service improvements; expectations as to hiring challenges; availability of employees; expectations regarding the effectiveness of steps taken or to be taken to improve operations, service, infrastructure improvements, and transportation plan modifications (including those discussed in response to increased traffic); expectations as to cost savings, revenue growth, and earnings; the time by which goals, targets, or objectives will be achieved; projections, predictions, expectations, estimates, or forecasts as to our business, financial, and operational results, future economic performance, and general economic conditions; proposed new products and services; estimates of costs relating to environmental remediation and restoration; estimates and expectations regarding tax matters; expectations that claims, litigation, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, cyber-attacks or other matters will not have a material adverse effect on our consolidated results of operations, financial condition, or liquidity and any other similar expressions concerning matters that are not historical facts. Forward-looking statements may be identified by their use of forward-looking terminology, such as “believes,” “expects,” “may,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and similar words, phrases, or expressions.

Forward-looking statements should not be read as a guarantee of future performance, results, or outcomes, and will not necessarily be accurate indications of the times that, or by which, such performance, results, or outcomes will be achieved, if ever. Forward-looking statements and information are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements and information. Forward-looking statements and information reflect the good faith consideration by management of currently available information, and may be based on underlying assumptions believed to be reasonable under the circumstances. However, such information and assumptions (and, therefore, such forward-looking statements and information) are or may be subject to variables or unknown or unforeseeable events or circumstances over which management has little or no influence or control, and many of these risks and uncertainties are currently amplified by and may continue to be amplified by, or in the future may be amplified by, among other things, macroeconomic and geopolitical conditions.

The Risk Factors in Item 1A of our 2023 Annual Report on Form 10-K, filed February 9, 2024, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in any forward-looking statements or information. To the extent circumstances require or we deem it otherwise necessary, we will update or amend these risk factors in a Form 10-Q, Form 8-K, or subsequent Form 10-K. All forward-looking statements are qualified by, and should be read in conjunction with, these Risk Factors.

Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward looking information to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

AVAILABLE INFORMATION

Our Internet website is www.up.com. We make available free of charge on our website (under the “Investors” caption link) our Annual Reports on Form 10-K; our Quarterly Reports on Form 10-Q; our current reports on Form 8-K; our proxy statements; Forms 3, 4, and 5, filed on behalf of directors and executive officers; and amendments to such reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). We provide these reports and statements as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available on our website previously filed SEC reports and exhibits via a link to EDGAR on the SEC’s Internet site at www.sec.gov. We provide these previously filed reports as a convenience and their contents reflect only information that was true and correct as of the date of the report. We assume no obligation to update this historical information. Additionally, our corporate governance materials, including By-Laws, Board Committee charters, governance guidelines and policies, and codes of conduct and ethics for directors, officers, and employees are available on our website. From time to time, the corporate governance materials on our website may be updated as necessary to comply with rules issued by the SEC and the New York Stock Exchange or as desirable to promote the effective and efficient governance of our Company. Any security holder wishing to receive, without charge, a copy of any of our SEC filings or corporate governance materials should send a written request to: Secretary, Union Pacific Corporation, 1400 Douglas Street, Omaha, NE 68179.

References to our website address in this report, including references in Management’s Discussion and Analysis of Financial Condition and Results of Operations, Item 2, are provided as a convenience and do not constitute, and should not be deemed, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the Quantitative and Qualitative Disclosures About Market Risk previously disclosed in our 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Corporation's Chief Executive Officer (CEO) and Executive Vice President and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based upon that evaluation, the CEO and the CFO concluded that, as of the end of the period covered by this report, the Corporation's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Additionally, the CEO and CFO determined that there were no changes to the Corporation's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in legal proceedings, claims, and litigation that occur in connection with our business. We routinely assess our liabilities and contingencies in connection with these matters based upon the latest available information and, when necessary, we seek input from our third-party advisors when making these assessments. Consistent with SEC rules and requirements, we describe below material pending legal proceedings (other than ordinary routine litigation incidental to our business), material proceedings known to be contemplated by governmental authorities, other proceedings arising under federal, state, or local environmental laws and regulations (including governmental proceedings involving potential fines, penalties, or other monetary sanctions in excess of \$1,000,000), and such other pending matters that we may determine to be appropriate.

Environmental Matters

We receive notices from the U.S. Environmental Protection Agency (EPA) and state environmental agencies alleging that we are or may be liable under federal or state environmental laws for remediation costs at various sites throughout the U.S., including sites on the Superfund National Priorities List or state superfund lists. We cannot predict the ultimate impact of these proceedings and suits because of the number of potentially responsible parties involved, the degree of contamination by various wastes, the scarcity and quality of volumetric data related to many of the sites, and the speculative nature of remediation costs.

Information concerning environmental claims and contingencies and estimated remediation costs is set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Environmental, Item 7, and Note 17 of the Financial Statements and Supplementary Data, Item 8, of our 2023 Annual Report on Form 10-K.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, see the risk factors disclosed in our Form 10-K for the year ended December 31, 2023. These risks could materially and adversely affect our business, financial condition, results of operations (including revenues and profitability), and/or stock price. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities – The following table presents common stock repurchases during each month for the second quarter of 2024:

Period	Total Number of Shares Purchased [a]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Number of Shares That May Be Purchased Under Current Authority [b]
Apr. 1 through Apr. 30	386	\$ 239.75	-	80,392,027
May. 1 through May. 31	104	246.11	-	80,392,027
Jun. 1 through Jun. 30	492,357	225.82	492,320	79,899,707
Total	492,847	\$ 225.84	492,320	N/A

[a] Total number of shares purchased during the quarter includes 527 shares delivered or attested to UPC by employees to pay stock option exercise prices and satisfy tax withholding obligations for stock option exercises or vesting of retention units or retention shares.

[b] Effective April 1, 2022, our Board of Directors authorized the repurchase of up to 100 million shares of our common stock by March 31, 2025. These repurchases may be made on the open market or through other transactions. Our management has sole discretion with respect to determining the timing, manner, and amount of these transactions.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

On April 26, 2024, Elizabeth F. Whited, President, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 3,552 shares of Union Pacific Corporation common stock between July 30, 2024, and January 31, 2025, subject to certain conditions.

On April 26, 2024, Jennifer L. Hamann, Executive Vice President and Chief Financial Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) to sell up to 2,000 shares of Union Pacific Corporation common stock between July 30, 2024, and January 31, 2025, subject to certain conditions.

Item 6. Exhibits

Exhibit No. Description

Filed with this Statement

- | | |
|-------|---|
| 31(a) | Certifications Pursuant to Rule 13a-14(a), of the Exchange Act, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - V. James Vena. |
| 31(b) | Certifications Pursuant to Rule 13a-14(a), of the Exchange Act, as Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Jennifer L. Hamann. |
| 32 | Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - V. James Vena and Jennifer L. Hamann. |

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- 101 The following financial and related information from Union Pacific Corporation's Quarterly Report on Form 10-Q for the period ended June 30, 2024 (filed with the SEC on July 25, 2024), formatted in Inline Extensible Business Reporting Language (iXBRL) includes (i) Condensed Consolidated Statements of Income for the periods ended June 30, 2024 and 2023, (ii) Condensed Consolidated Statements of Comprehensive Income for the periods ended June 30, 2024 and 2023, (iii) Condensed Consolidated Statements of Financial Position at June 30, 2024, and December 31, 2023, (iv) Condensed Consolidated Statements of Cash Flows for the periods ended June 30, 2024 and 2023, (v) Condensed Consolidated Statements of Changes in Common Shareholders' Equity for the periods ended June 30, 2024 and 2023, and (vi) the Notes to the Condensed Consolidated Financial Statements.
- 104 Cover Page Interactive Data File, formatted in Inline XBRL (contained in Exhibit 101).

Incorporated by Reference

- 3(a) [Restated Articles of Incorporation of UPC, as amended and restated through June 27, 2011, and as further amended May 15, 2014, are incorporated herein by reference to Exhibit 3\(a\) to the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.](#)
- 3(b) [By-Laws of UPC, as amended, effective November 19, 2015, are incorporated herein by reference to Exhibit 3.2 to the Corporation's Current Report on Form 8-K dated November 19, 2015.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 25, 2024

UNION PACIFIC CORPORATION (Registrant)

By /s/ Jennifer L. Hamann
Jennifer L. Hamann
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By /s/ Todd M. Rynaski
Todd M. Rynaski
Senior Vice President and
Chief Accounting, Risk, and Compliance Officer
(Principal Accounting Officer)